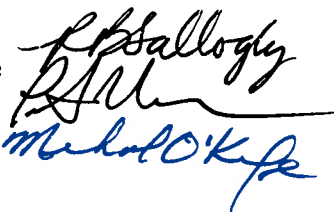


The American Recovery and Reinvestment Act of 2009 Rhode Island Impacts and Opportunities

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Introduction

On February 17, President Obama signed the American Recovery and Reinvestment Act of 2009. Generally referred to as the Stimulus Act, it provides \$789 billion of federal spending designed to prevent further deterioration in the national economy, provide relief to states and individuals, and create new jobs.

There are estimates that the bill provides approximately \$1.0 billion to Rhode Island over its life, not including tax cuts for individuals and businesses. It appears, however, that the general budget relief to the state budget is less than \$450 million over fiscal years 2009, 2010, and 2011 with some of that potentially lowered by tax law changes.

The purpose of this memorandum is to explain the direct impact of the Act on Rhode Island state and local budgets and Rhode Island citizens. It is a joint product of the Budget Office Staff, Senate Fiscal Staff, and House Fiscal Staff, with the cooperation of the agencies and departments, including federal agencies and quasi-public ones, who reviewed approximately 1,500 pages of legislation. It is by no means a finished product as many details and requirements were still unknown as of February 24, and will not become clearer until the federal departments publish rules and regulations. Staffs will continue to monitor and provide new or revised information as it becomes available. It is likely that the spending authority for FY 2009 would be contained in the FY 2009 supplemental budget; that for FY 2010 would be in the Governor's FY 2010 Budget.

The Act is contained in two divisions, A and B, with numerous titles within each division. In general, the items discussed in this memorandum are in the same sequence as in the Act, except those affecting the FY 2009 budget, which are discussed first in Section I. The division and title within the division are noted after each item described in the memorandum.

Section I of the memorandum describes those items that present immediate state budgetary relief based on the Governor's FY 2009 Revised Budget as contained in 2009-H 5019, with his amendments. FY 2010 and FY 2011 impacts are based on that budget assuming no changes or growth for purposes of comparison.

Section II describes items that potentially reduce state revenues due to state ties to federal tax laws. **Section III** discusses potential opportunities for state and local governments through either formula or competitive grants. **Section IV** includes other items of interest such as conditions for use of funds. The Appendix includes a multi-page quick reference schedule and a fuller description of the analysis of the State Fiscal Stabilization Fund.

We have only focused on what appears to be major items of interest – there are many sections for which we did not go beyond initial review, because they did not appear to have immediate or proximate impacts on budgets.

Section I: State Budget Relief

This section describes those items that present immediate state budgetary relief based on the Governor's FY 2009 Revised Budget as contained in 2009-H 5019, with his amendments. FY 2010 and FY 2011 impacts are based on that budget assuming no changes or growth for purposes of comparison. The single largest impact is the enhanced Medicaid match rate.

Medicaid (B, Title V). The Act provides an enhanced federal medical assistance percentage reimbursement for most Medicaid-related expenditures for the 27 months (nine quarters) from October 2008 through December 2010. The enhancement has three components. First, it holds the state harmless to a base that is the higher of the federal fiscal year rates for FFY 2008, FFY 2009, and FFY 2010.

Second, it provides an additional 6.2 percentage points to the rate during the period.

Third, it provides an unemployment adjustment based on growth in unemployment rates. The unemployment-related bonus calculation is based on a state's unemployment rate in the most recent 3-month period for which data are available compared to its lowest unemployment rate in any 3-month period beginning on or after January 1, 2006. The bonus can fall into three tiers of reductions in state share: 5.5 percent if unemployment rate increase is 1.5 to 2.5 percentage points; 8.5 percent if 2.5 to 3.5 percentage points; and 11.5 percent if equal to or greater than 3.5 percentage points.

The percentage increase is equal to the state rate minus 3.1 percent times one of three percentages based on unemployment. In Rhode Island's case, that is likely to be an 11.5 percent increase. The table below shows the adjustments.

	FFY 2008	FFY 2009	FFY 2010
FFY Regular FMAP	52.51%	52.59%	52.63%
Hold Harmless Rate		52.59%	52.63%
Unemployment Adjustment		5.10%	5.10%
Base Adjustment		6.20%	6.20%
Enhanced Rate	52.51%	63.89%	63.93%
Convert to Blended State Rates	FY 2009	FY 2010	FY 2011
State Blended Rate	61.04%	63.92%	58.28%

The enhanced match does not apply to administrative charges, disproportionate share hospital payments, Temporary Assistance to Needy Families, child welfare, child support enforcement, and State Children's Health Insurance. States must maintain their Medicaid eligibility standards, methodologies, and procedures in effect as of July 1, 2008 and demonstrate that they are in compliance with Medicaid prompt payment requirements regarding claims made for covered items and services during the preceding month. This prompt payment requirement is extended to nursing facilities and hospitals. According to the Department of Human Services, Rhode Island complies with prompt pay requirements. The Act also mandates that a state is not eligible for an increase in the Medicaid rate if any amounts directly or indirectly attributed to the increase are deposited or credited into any reserve or rainy day fund.

Staff estimates that the enhanced reimbursement rate would provide an additional \$131.1 million in FY 2009, a gain of \$103.6 million over the Governor's revised budget, which included \$27.6 million. The total increases for FY 2010 and FY 2011 are estimated to be \$174.9 million and \$87.4 million, respectively. Those amounts will likely be higher to account for Medicaid enrollment and cost.

Supplemental Nutrition Assistance Program (A, Title I). The Center on Budget and Policy Priorities estimates that the Department of Human Services will receive \$52.9 million in additional temporary emergency funding for the Supplemental Nutrition Assistance Program, of which \$52.0 million would be for additional benefit payments and \$0.9 million for administrative costs. The Department will use the additional funds to increase the benefits to recipients by 13.6 percent. The Supplemental Nutrition Assistance Program typically requires a 50.0 percent state contribution for costs associated with administering the program; however, the Act does not include a state matching requirement.

Title IV-E Foster Care and Adoption Assistance (B, Title V). The enhanced match, not including the unemployment adjustment, also applies to Title IV-E. Staff estimates this would decrease state general revenues by \$1.3 million in FY 2009 and \$1.8 million and \$0.9 million in FY 2010 and FY 2011, respectively.

Disproportionate Share Increase (B, Title V). The Act provides additional funding for a 2.5 percent increase in the hospitals' disproportionate share payment allotments for federal fiscal years 2009 and 2010. Rhode Island currently receives \$61.4 million in federal funding to support uncompensated care payments for Eleanor Slater Hospital and the community hospitals which are matched by general revenues for total funding of \$117.0 million. The state's federal

allotment is increasing to \$63.7 million to reflect a 4.0 percent ceiling adjustment. Along with the 2.5 percent increase, the state will receive \$65.3 million to bring funding to \$124.2 million for uncompensated care costs. The enacted budget includes \$117.0 million from all sources and staff estimates that \$3.2 million from state funds would be needed to match the additional \$3.9 million from federal resources. Since the payment to the community hospitals will be made in July 2009, this will be reflected in the FY 2010 budget.

State Fiscal Stabilization Fund – Education (A, Title XIV). The Act provides relief to avert reductions in public higher and elementary and secondary education. Federal Funds Information for States estimates that Rhode Island's share will total \$164.9 million. Of the total available funding, 81.8 percent is to restore elementary and secondary education and public higher education to the greater of the FY 2008 or FY 2009 levels for FY 2009, FY 2010 and FY 2011. That estimate suggests Rhode Island is eligible to receive a total of \$134.9 million over the three-year period FY 2009 through FY 2011. In order to be eligible for these funds, states must first provide support for both elementary and secondary education and public higher education at no less than the FY 2006 level for fiscal years 2009, 2010 and 2011. This is referred to as maintenance of effort.

Determining maintenance of effort requires a number of steps and decisions. For higher education, expenditures for "construction" are excluded from the calculation, but it is unclear whether debt service is considered a construction expense or an operating expense. Regardless of how debt service is treated, the state does not meet the maintenance of effort requirement for public higher education. Meeting that would require a contribution totaling between \$25.7 million and \$73.5 million.

The legislation does not specify which state expenditures to include in the calculation of elementary and secondary education maintenance of effort. It appears unlikely that the state meets maintenance of effort in any scenario that excludes school housing aid from the calculation. Excluding housing aid, maintenance of effort would require between an \$18.9 and \$59.0 million in total state contributions.

If the state meets the maintenance of effort threshold, it becomes eligible for the remaining 18.2 percent, or \$30.0 million in general use funds that could be used to offset the general revenue contribution as well as the \$134.9 million to be split proportionally between public higher education and local school districts. The general use funds can be used for public safety and other state government services. This may include education related activities, such as school repair, renovation or modernization. Federal Funds Information for States estimates that Rhode Island's share of this funding would be \$30.0 million.

The Secretary of Education has discretion to waive the maintenance of effort requirement; however, no rules or regulations have been posted. The only guidance in the act is that there must be a "precipitous" decline in financial resources and that the state must commit the same percentage of state revenue to elementary and secondary education as the preceding fiscal year.

The appendix to this memo includes a fuller description of the Fund and describes a number of scenarios that incorporate these maintenance of effort calculations.

State Fiscal Stabilization Fund General Use (A, Title XIV). Of the \$53.6 billion state fiscal stabilization fund, approximately \$8.8 billion (18.2 percent) are to be used for public safety and other state government services. This may include education related activities, such as school repair, renovation or modernization. Federal Funds Information for States estimates Rhode Island's share to be \$30.0 million. However, the General Use funds are also tied to the maintenance of effort requirements set out for the whole allocation, as described above. The Governor must apply for these funds along with the education portion of the allocation, identify proposed uses and indicate compliance with those requirements. There is a provision allowing the Secretary of Education to waive maintenance of effort requirements at his discretion and with the limitations described above.

Education for Disadvantaged Title I (A, Title VIII). The Act contains \$13.0 billion in formula grants for education for the disadvantaged over FY 2010 and FY 2011. Of this, \$5.0 billion is for targeted grants to local education agencies, \$5.0 billion is for education finance incentive grants, and \$3.0 billion is for school improvement grants, for distribution as subgrants to local education agencies identified for improvement, corrective action and restructuring. Funding is to help school districts mitigate the effects of recent reductions in local revenues and state support. Federal Funds Information for States estimates that Rhode Island's share will be \$35.8 million.

Special Education (A, Title VIII). The Act contains a total of \$12.3 billion for students with disabilities through three formulary funding streams over FY 2010 and FY 2011. Funding includes \$11.3 million for Part B - state grants, \$400.0 million for Part B - preschool grants and \$600.0 million for Part C - infant and toddler grants. Funds will be distributed to local education agencies by formula driven subgrants. A state is eligible to receive this funding if it submits a state plan with assurances that it has policies to provide a free and appropriate public education to children with disabilities between the ages of 3 and 21. Federal Funds Information for States estimates Rhode Island's share to be \$47.6 million.

Small Business Administration (A, Title V). The Act appears to provide additional funding and authority for the Small Business Administration. It provides funding and restores authority to increase the guaranty amounts for banks loans to businesses from 75 percent of loss up to 90 percent on section 7(a) loans. These loans have a maximum \$2.0 million guaranty. It allows for waiving loan guaranty fees on these loans and on the section 504 fixed assets debenture program under which the Administration provides 40 percent debentures up to \$10 million.

It also provides funding and authority to increase surety bond backing from \$2.0 million to \$5.0 million, provides increased funding for the Microloan program for loans up to \$35,000, and for loans up to \$35,000 for businesses to pay principal and interest on loans.

Governor Carcieri included Article 14 to provide tax credits for Small Business Administration loan guaranty fees and Article 15 to give the Economic Development Corporation authority \$25 million of moral obligation debt to increase the guaranty on Small Business Administration loans to 90 percent and to directly back bank loans at the same 90 percent guaranty. It appears that the federal Stimulus Act may provide some or all of the goals of these articles in the short term through 2010. For example, there appears to be language that authorizes the Small Business Administration to temporarily reduce or eliminate fees in the 7(a) loan guarantee program as well as the 504 loan program.

Highway Infrastructure Investment (A, Title XII). The Act provides \$27.5 billion to states for construction, reconstruction, rehabilitation, resurfacing, restoration, and operational improvements for highways, interstates, bridges, passenger rail, freight rail and port infrastructure projects. Funding is apportioned to each state based on the Surface Transportation Program formula, as well as Federal Highway Administration obligation limitations from FY 2008. The Act requires that 3.0 percent of the funding must be allocated to enhancement projects. Funding will be available through September 30, 2010 and not require a state match. The funds must be allocated within the time frame provided in the Act.

If the state does not obligate the total amount within 120 days of the federal apportionment, the Secretary of Transportation may withdraw up to 50.0 percent of the total funding apportioned to the state, and redistribute those funds to other eligible states. One year after the original apportionment, the Secretary of Transportation may withdraw all remaining unobligated funds, and redistribute those funds to other eligible states.

Staff estimates the Department of Transportation will receive additional funding of \$137.1 million, which will be used for approximately 50 separate projects throughout the state. Projects would include highway, road and bridge repair, pavement resurfacing as well as enhancement projects, such as lighting and drainage improvements. The Act does not include a requirement to allocate funding to municipalities; however, project funding must be allocated to projects included in the statewide Transportation Improvement Program, which is developed in conjunction with municipal transportation agencies.

Transit Capital Grants (A, Title XII). The Act provides a total of \$6.9 billion in grants to states for transit capital assistance. Staff estimates the state will receive \$29.5 million for the Rhode Island Public Transit Authority. State appropriations are based upon the following: 80 percent appropriated as urbanized area formula grants; 10 percent appropriated based upon growing states and high density state formula factors; and 10 percent as formula grants for other than urbanized areas. For Rhode Island, a total of \$28.6 million will be appropriated to urban areas while \$865,000 will finance projects in rural areas. The funds under this Act must be apportioned no later than 21 days after the date of enactment, and states have 180 days to obligate their funds or risk losing 50 percent to other states. States risk losing all funds unobligated after one year. No commitment of local matching funds is required to receive these grants.

Employment and Training Administration (A, Title VIII). The Act provides \$4.0 billion in formula-based funding for training and employment services for activities related to the Workforce Investment Act of 1998, the Older Americans Act of 1965 and state unemployment insurance and employment services operations. Rhode Island's share appears to be \$18.6 million for the five relevant programs, according to Federal Funds Information for States. The Department of Labor and Training will likely administer these federal stimulus funds, but does not know whether these funds can be used to supplant existing state appropriations.

From the amount dedicated to Workforce Investment Act programs, Rhode Island would receive \$2.1 million for supportive services and needs-related payments for adult employment and training activities, targeting priority populations, including recipients of public assistance and other low-income individuals. The Act also includes additional funding for youth activities, including summer employment programs and allows for raising the program's age limit from 21 to 24 years of age. Rhode Island's share would be \$5.7 million.

The Act includes two provisions for dislocated workers, one for employment and training activities and the other for a dislocated workers assistance national reserve. Rhode Island's estimated portion of this appropriation is \$7.0 million for the employment and training programs. The national reserve expenditures are at the discretion of the Secretary of Labor to administer in response to plant closings, mass layoffs and other worker dislocations.

The Act authorizes additional funds for the community service employment grants within Title V of the Older Americans Act of 1965, which provides grants to states to promote part-time community service activities for unemployed, low-income persons aged 55 years or older. Funds will be allocated in proportion to FY 2008 allotments. Rhode Island would receive an additional \$644,000, and funds unexpended at the end of the program year may be recaptured and reallocated by the Secretary of Labor. The Act does not waive the 10.0 percent minimum state match; therefore, it appears that this general revenue expenditure would increase by \$64,400, unless in-kind services can be used to meet the match.

The Act also provides for \$1.7 million in additional funding for state unemployment insurance and \$1.4 million employment service operations for Rhode Island.

Section II: Tax Issues

The Act contains a number of tax and tax related items affecting businesses and individuals. Many have no impact on Rhode Island tax revenues because the state has uncoupled from federal tax changes in most tax areas, including tax credits, but not tax deductions.

From its inception until 2001, the Rhode Island personal income tax rate was a percentage of federal income tax liability on income earned in Rhode Island. This made Rhode Island one of only two "piggyback" states in the country -- the other being Vermont. While it produced significant administrative ease, it also tied Rhode Island to federal tax policy. When Congress

passed, and President George W. Bush signed, the Economic Growth and Tax Relief Reconciliation Act of 2001 that lowered federal tax liability through lower rates and changes to taxable income, Rhode Island and Vermont changed their state tax codes to move off the “piggyback” on federal income tax *liability* to tax schedules applied to federal *taxable income*.

The 2002 Assembly negated the impact on Rhode Island corporate and personal income taxes of the bonus depreciation and expanded net operating loss carry back provisions of the federal Job Creation and Workers Assistance Act of 2002. When Congress passed the Jobs and Growth Tax Relief Reconciliation Act of 2003 that changed the amount that business filers could expense during a tax, the 2003 General Assembly enacted legislation to not allow that for Rhode Island purposes. The 2008 Assembly permanently uncoupled from federal changes regarding bonus depreciation and section 179 expensing. The Assembly had not allowed these federal changes in previous years by uncoupling each time the federal changes were enacted.

The federal Job Creation and Workers Assistance Act of 2002, which became law on March 9, 2002, allowed businesses to claim immediate tax deductions of up to 30 percent of the cost of new equipment purchases rather than using the standard depreciation over life of the asset method. This “bonus depreciation” change was effective retroactive to September 11, 2001 and lasts through September 2004. In addition, the Act temporarily extended the general net operating loss carry back period to five years from the current two years in taxable years ending in 2001 and 2002.

There are a number of provisions that will affect state tax collections unless the Assembly modifies tax laws to uncouple, either temporarily or permanently. This section begins with those features of the Act that will modify Rhode Island tax revenues, and is followed by other features that are likely to be of interest.

Affecting Rhode Island Tax Revenues

Earned Income Tax Credit Increase (B, Title I). The Act increases benefits from 40 percent to 45 percent of the first \$12,570 in earned income for families with three or more children for tax years 2009 and 2010. The credit begins to phase out at a rate of 15.98 percent of earnings above \$16,420 for individuals and \$21,420 for those married and filing jointly. Since Rhode Island’s credit is 25 percent of the federal amount, Rhode Islanders with three or more children eligible for a credit would see an increase in their credit for tax years 2009 and 2010. Based on tax year 2007 returns, the total estimated revenue loss would be \$175,306.

The 2003 Assembly provided for a permanent 5.0 percent refundable earned income tax credit for eligible individuals beginning with tax year 2003. Rhode Island had allowed the credit only to the extent of Rhode Island liability. This change provided that 5.0 percent of the amount of credit above that used to offset Rhode Island tax liability would be paid to the taxpayer. The 2005 Assembly increased the refundable credit to 10.0 percent; the 2006 Assembly increased it to 15.0 percent.

Vehicle Purchase - Sales Tax Deduction (B, Title I). For tax year 2009 only, the Act provides an itemized deduction for the state and local sales taxes paid on a new vehicle under 8,500 lbs and up to \$49,500 in value purchased between February 17, 2009 and December 31, 2009. The deduction is subject to a phase out for individuals with modified adjusted gross income between \$125,000 and \$135,000 for individuals and \$250,000 and \$260,000 for those married and filing jointly.

The deduction would be either an addition to itemized deductions or an addition to the standard deduction for non-itemizers. The deduction taken by non-itemizers will not affect Rhode Island tax revenues, as the state is not coupled to the federal standard deduction. However, the additional itemized deduction would flow through on the Rhode Island return, costing state revenue.

From February 2008 to December 2008, the state collected \$82.8 million from sales tax on automobiles. Estimating that 44 percent of the filers will itemize their deductions, and using an effective tax rate of 4.6 percent, the revenue loss to Rhode Island would be \$1.67 million. The state could amend its income tax statutes to not allow this deduction.

Unemployment Benefit Taxation Suspension (B, Title I). For tax year 2009 only, the Act suspends federal income tax obligations on the first \$2,400 in unemployment benefits received. Unemployment benefits in excess of \$2,400 would be subject to federal income tax. The Act also increased the weekly benefits by \$25 and extended benefits to 33 weeks. Since Rhode Island piggybacks on federal taxable income, any income excludible from federal taxable income would be excludible from Rhode Island taxable income.

The net effect to Rhode Island taxable income would be a decrease of \$1,575 for each person receiving unemployment compensation for the full 33 weeks. Since Rhode Island has 56,800 individuals unemployed as of December 2008, the total amount of income excludible from taxable income would be \$136,320,000. Estimating an average effective tax rate of 4.6 percent, the revenue loss based on this income exclusion would be \$4.1 million. The state could amend its income tax statutes to not allow this deduction for Rhode Island tax purposes.

Alternative Minimum Tax Relief Extension (B, Title I). For tax year 2009 only, the Act would extend the Alternative Minimum Tax relief for nonrefundable personal credits and increase the exemption from \$69,950 to \$70,950 for married joint filers, from \$46,200 to \$46,700 for unmarried individuals and from \$34,975 to \$35,475 for married individuals filing separately. For tax years beginning in 2009, taxpayers may offset the entire regular tax liability and Alternative Minimum Tax liability by the nonrefundable personal credit.

Items of Interest Not Directly Affecting Rhode Island Tax Revenues

Making Work Pay Tax Credit (B, Title I). For tax years 2009 and 2010, the Act establishes a refundable tax credit up to \$400 for working individuals and \$800 for working families. The credit is calculated as the lesser of 6.2 percent of earned income or \$400 (\$800 in the case of

joint return). The credit would phase out at a rate of 2.0 percent once individual adjusted gross income exceeds \$75,000 or \$150,000 for those married and filing jointly. The credit can be incorporated into an adjustment in withholdings or through tax returns.

While estimates indicate that there may be up to 400,000 eligible taxpayers in Rhode Island, this would not impact Rhode Island income tax revenues.

Refundable Child Credit – Increase in Eligibility (B, Title I). For tax years 2009 and 2010, the Act would have the refundable child credit apply to 15.0 percent of earned income in excess of \$3,000 instead of \$8,500 as was the case in 2008.

Net Operating Loss Carry Back (B, Title I). The Act extends the 2008 net operating loss carry back to three, four, or five years from the current two years for businesses with less than \$15.0 million in gross receipts. Rhode Island does not allow for net operating loss carry backs for individuals or corporations.

Hope Credit Modification - American Opportunity Tax Credit Expansion (B, Title I). For tax years beginning in 2009 or 2010, the Act would provide a higher education tax credit of up to \$2,500 (up from \$1,800) for the cost of tuition and related higher education expenses during each of the first four years (up from two years) of a student's post-secondary education. Taxpayers would receive a tax credit based on 100 percent of the first \$2,000 and 25 percent of the next \$2,000 of eligible expenditures. The provision will also permit taxpayers to take advantage of the credit for up to four years as opposed to two in prior legislation. The Act would permit 40.0 percent of the credit to be refundable, but would be subject to a ratable phase-out based on adjusted gross income between \$80,000 and \$90,000 for individuals and between \$160,000 and \$180,000 for those married and filing jointly.

Expansion of Eligible Expenditures for 529 Education Plans (B, Title I). For tax years 2009 and 2010, the Act would permit expenditures for computers and related technology, such as software, internet access expenses to qualify as eligible expenditures for use by the designated beneficiary who is enrolled in an eligible higher education institution.

Refundable First-time Home Buyer Credit Changes (B, Title I). The Act eliminates the obligation for repaying this tax credit for those who purchase homes between December 31, 2008 and December 1, 2009 unless the house is sold within three years of purchase. Prior to the Act, the credit was recaptured ratably, interest free, over a fifteen-year period. The Act also increases the value of the credit from a maximum of \$7,500 to \$8,000. It also allows the credit to be applied to financing mechanisms from mortgage revenue bonds, but does retain the phase out of the tax credit at adjusted gross income of \$75,000 for individuals and \$150,000 for those married and filing jointly.

Section III: Potential Opportunities

Section III discusses potential opportunities for state and local governments through either formula or competitive grants. They do not have immediate impact on the revised FY 2009 budget, but may appear for inclusion of the final FY 2009 revisions or FY 2010 enacted budget. In many cases, the state or applicable agencies will have to submit specific applications for the federal funding.

Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) (A, Title I). The Act contains \$500.0 million for the special supplemental nutrition program for women, infants and children. Of that, \$400.0 million will be placed in reserve to ensure adequate funding for increased caseloads and food expenses. The remaining \$100.0 million will be available to improve or administer management information systems for the program. The Secretary of Agriculture will allocate funds as deemed necessary. The Governor's FY 2009 revised budget includes \$24.7 million for this program. Rhode Island's income eligibility is the maximum threshold allowed under federal guidelines at 185 percent of the federal poverty guidelines, and the Act does not increase this. It does provide additional funding to cover a potential increase in participation and the cost of food. Staff has not yet been able to determine the impact to the state.

School Lunch Equipment (A, Title I). The Act contains \$100.0 million for a competitive grant program for school lunch program equipment assistance. Priority will be given to schools in which at least 50.0 percent of the students are eligible for free or reduced lunch. Federal Funds Information for States estimates that Rhode Island's share will be \$251,000.

Aquaculture Assistance (A, Title I). The Act provides \$50.0 million in grants to states to be used to assist aquaculture producers for losses associated with high feed costs during calendar year 2008. Grants will be dispersed on a pro-rated basis according to the amount of aquaculture feed used in each state, and must be disbursed within 60 days of receiving the funds. Funding will be available through September 30, 2010, and can be used for costs associated with the administration of the grants. The Coastal Resources Management Council is the lead state agency for aquaculture; however, it is presently unclear how much of this funding would be available to the Council.

Distance Learning, Tele-medicine, and Broadband Program (A, Title I). The Act includes \$2.5 billion for grants, loans and loan guarantees for broadband infrastructure. The priority for award funding will be given to applications for broadband systems that will deliver end users a choice, provide service to the highest proportion of rural residents that do not have access to broadband services and demonstrate that all project elements will be fully funded.

Victims of Crime (A, Title II). The Act provides \$100 million in additional funds for Crime Victims Compensation and Assistance programs to support victims and survivors of domestic violence, sexual assault, child abuse, drunk driving, homicide, and other federal and state crimes. Staff estimates that Rhode Island will receive \$572,000 for victim assistance programs

and \$186,000 for victim compensation. The compensation funds would be in addition to the funds administered by the Treasurer's Office. State and local non-profit agencies compete for federal funds by submitting grant requests to a federal advisory committee. It appears that the additional federal funds would have to be spent by September 30, 2010. It is possible that the Department of Corrections could offset approximately \$72,000 of general revenue expenses with the additional federal funds. The Office of the Attorney General and the Judiciary's victim assistance programs are fully federally funded.

Violence Against Women (A, Title II). Staff estimates that Rhode Island receive \$1.1 million for Violence Against Women Prevention and Prosecution Programs. This includes \$0.9 million for the Stop Violence Against Women Formula Grant and \$0.2 million for transitional housing assistance grants. The additional funding may be used to supplement, but not supplant, existing non-federal funding sources.

Byrne-Justice Assistance Grants (A, Title II). Staff estimates the Department of Public Safety will receive \$9.5 million between FY 2009 and FY 2011 for Edward Byrne Memorial Justice Assistance Grants. This funding may be used by both local and state law enforcement agencies to purchase equipment, information technology updates, as well as offset overtime expenditures. The Bureau of Justice Assistance requires a local pass-through designation of 42 percent of the state's Byrne allocation to local government. The Local Law Enforcement Planning Committee historically has waived a portion of this pass through funding to allow state agency projects that specifically provide direct benefits to local law enforcement agencies. The Commission can use 10.0 percent of the total for administrative expenses before applying the state/local allocation percentages, allowing for a reduction in general revenue expenditures.

Internet Crimes Against Children (A, Title II). Staff estimates the Department of Public Safety will receive \$0.4 million to support a statewide multi-agency law enforcement task force to target online predators and child exploitation investigations. The Act provides \$50.0 million nationwide for the measure. Funding is available until expended, or until September 30, 2010.

Community Oriented Policing Services (A, Title II). The Act includes additional \$1.0 billion in total funding for enhanced Community Oriented Policing Services. The United States Attorney General administers this grant program to allow states, units of local government, Indian tribal governments, other public and private entities, and multi-jurisdictional or regional consortia to hire, re-hire, train and equip law enforcement officers. Funds made available through the program are not to be used to supplant state or local funds, and provide 100.0 percent federal funding for three years for salaries and benefits of additional officers. The program requires that grantees maintain newly-hired positions for one full budget cycle after grant funding terminates.

Economic Development Administration (A, Title II). The Act provides \$150.0 million nationally for Economic Development Assistance programs to leverage private investment, stimulate employment, and increase incomes in economically distressed communities. The Rhode Island Economic Development Corporation indicates that funding will be distributed to

the nine federal Economic Development Administration regions to be disbursed to each state within the region on a per capita basis; it anticipates \$2.5 million from Rhode Island. The Corporation also notes that funds will be used to initiate one of the elements of the Governor's Small Business Stimulus Plan, the recapitalization of the Small Business Loan Fund to provide new funds to the depleted program.

Operation and Maintenance, Army National Guard (A, Title III). The Act contains \$266.3 million nationally for operations and maintenance for the Army National Guard. The funding is available at a 75 percent federal and 25 percent state match to cover expenses associated with maintaining the physical plant at Department of Defense posts, camps and stations. Funding is available for obligation until September 30, 2010 on a competitive basis. Rhode Island's Military Staff is awaiting approval for a prioritized project list it submitted to the National Guard Bureau.

Operation and Maintenance, Air National Guard (A, Title III). The Act contains \$25.8 million nationally for operations and maintenance for the Air National Guard. The funding is available at 75 percent federal and 25 percent state match to cover expenses associated with maintaining the physical plant at Department of Defense posts, camps and stations. Funding is available for obligation until September 30, 2010 on a competitive basis. Rhode Island's Military Staff is awaiting approval for a prioritized project list it submitted to the National Guard Bureau.

Army Corps of Engineers – Construction (A, Title IV). The Act provides \$2.0 billion in additional funds for water related environmental infrastructure projects. The Coastal Resource Management Council has requested \$4.1 million for FY 2010 from state sources to be used for various infrastructure projects, and the state Water Resource Board has requested \$26.8 million for the development of groundwater at the Big River Management Area over the next five years. It is unclear at this time what portion of funding would be available to these agencies, but it appears that if additional federal funds were available, both the Council and the Board could utilize these funds for water related environmental infrastructure projects.

Army Corps of Engineers – Operation and Maintenance (A, Title IV). The Act includes \$2.1 billion to fund projects that concentrate on water and energy development. The Act provides that available funding could be used for supervision, inspection, overhead and design and engineering work associated with projects. Although Title IV does not specify which types of projects would be eligible for funding, it seems possible that the Coastal Resources Management Council, the Water Resources Board and the Department of Environmental Management could utilize these funds for various water and energy development projects.

Energy Efficiency and Renewable Energy (A, Title IV). The Act provides \$16.8 billion for energy efficiency and renewable energy. Rhode Island could potentially receive an estimated \$25.8 million in funding for weatherization assistance and \$24.3 million for the State Energy Program for renewable energy and energy efficiency programs to be used through federal fiscal year 2010. Of the estimated \$24.3 million, the Office of Energy Resources could

receive \$2.9 million, \$3.9 million will pass through the Office to the 33 communities in Rhode Island with a population of less than 35,000 and \$17.0 million will go directly to the six communities with a population greater than 35,000. It appears that 2.0 percent might be used for administrative costs. The state currently receives \$0.4 million annually for the State Energy Program.

Innovative Technology Loan Guarantee Program (A, Title IV). The Act provides \$6.0 billion nationally to provide loan guarantees for renewable technologies and transmission technologies, which will remain available until expended. The amount that Rhode Island could potentially receive is undeterminable. According to information obtained from the Department of Energy, funds will be used to decrease air pollutants or man-made greenhouse gases. Other projects could include renewable energy systems, advanced fossil energy technologies, and production facilities for fuel-efficient vehicles. Additionally, the Act expands the size of the loan guarantee program and increases the amount of loan guarantees authorized specifically for renewable energy and electric power transmission systems.

The Rhode Island Economic Development Corporation is seeking to develop a wind farm project sited on former United States Navy land in Middletown. The Corporation stated that this project would be eligible to receive funding under the Innovative Technology Loan Guarantee Program and may be eligible to receive additional federal stimulus funding under the other energy programs administered by the Department of Energy.

Emergency Management Agency, State and Local Public Transportation (A, Title VI). The Act contains \$150.0 million for Public Transportation Security Assistance and Railroad Security Assistance consistent with the recommendations of the 9/11 Commission Act of 2007. The Rhode Island Emergency Management Agency is the pass through agency for these funds. The 9/11 Commission Act includes provisions regarding transportation security strategic planning. This is competitive funding with no cost sharing requirement.

Emergency Management Agency, State and Local Port Security (A, Title VI). The Act contains \$150.0 million for Port Security Grants. The Rhode Island Emergency Management Agency is the pass through agency for this grant, which would go to the Rhode Island Public Transportation Authority. The competitive grant provides funding to enhance security measures and may be used for staff training. The Act includes a provision waiving the cost-share.

Emergency Management Agency, State and Local Fire Stations (A, Title VI). The Act contains \$210.0 million for modifying, upgrading, or constructing non-federal fire stations. Up to 0.5 percent of the funding is available for program administration, and no grant shall exceed \$15.0 million. This is a competitive grant program funded through the Department of Homeland Security.

Clean Water Revolving Fund (A, Title VII). The Act provides \$4.0 billion for capitalization grants for Clean Water State Revolving funds, to be administered by the Environmental Protection Agency. Of this amount, it appears that the Rhode Island Clean Water Finance

Agency could expect to receive \$26.7 million to finance wastewater infrastructure projects. Priority will be given to projects on the state priority list that are ready to proceed with construction within 12 months of enactment. The Act provides that not less than 50.0 percent of this amount be disbursed to subsidize eligible recipients in the form of forgiveness of principal, negative interest loans or grants, or any combination of these. The Act also provides that not less than 20.0 percent of the funds be appropriated for projects to address green infrastructure, water or energy efficiency improvements or other environmentally innovative activities. The Act waives the mandatory 20.0 percent state matching requirement. The funds may also be used to buy, refinance or restructure debt obligations of eligible recipients only where such debt was incurred on or after October 1, 2008.

Drinking Water Revolving Fund (A, Title VII). The Act provides \$2.0 billion for capitalization grants for Drinking Water State Revolving funds, to be administered by the Environmental Protection Agency. Of this amount, it currently appears that the Rhode Island Clean Water Finance Agency could expect to receive \$19.7 million to finance public drinking water projects. Priority will be given to projects on the state priority list that are ready to proceed with construction within 12 months of enactment. The Act provides that not less than 50.0 percent of this amount be disbursed to subsidize eligible recipients in the form of forgiveness of principal, negative interest loans or grants, or any combination of these. The Act also provides that not less than 20.0 percent of the funds be appropriated for projects to address green infrastructure, water or energy efficiency improvements or other environmentally innovative activities. The Act waives the mandatory 20.0 percent state match. The funds may also be used to buy, refinance or restructure debt obligations of eligible recipients only where such debt was incurred on or after October 1, 2008.

Leaking Underground Storage Tanks (A, Title VII). The Act includes \$200.0 million for the Leaking Underground Storage Tank Trust Fund, which is for clean-up of leaking underground storage tanks. The state operates its own Underground Storage Tank Fund, which is administered by the Department of Environmental Management. Remediation of leaks and removal of tanks that are not eligible pursuant to state guidelines for the state funds is paid from the federal trust fund. The FY 2009 revised budget includes \$1.3 million from this source. Title VII removes the state match requirement, and would allow the Department to retain up to 1.5 percent of the additional funds for administration of the program.

The Department estimates it will receive approximately \$1.0 million in additional funds, which must be spent within two years of receipt. The Environmental Protection Agency requires that the additional funding be targeted to projects that have not been eligible for state funds due to regulatory requirements such as the date or nature of the release.

United States Geological Survey-Research Surveys and Studies (A, Title VII). The Act provides \$140.0 million for repair, construction and restoration of facilities; equipment replacement and upgrades including stream gauges, and seismic and volcano monitoring systems; national map activities; and other critical deferred maintenance and improvement projects. Currently, the Water Resources Board and the Department of Environmental

Management use stream gauge data for drought and flood prediction models, public water supply management and permitting purposes. Allocation of the funding for each state has not been confirmed; however, the agencies spend a combined \$0.2 million per year from general revenues for stream gauge services.

Hazardous Substances Superfund (A, Title VII). The Act provides \$600.0 million for the Hazardous Substances Superfund, but is limited to the Superfund Remedial program. Funds can be used to carry out site assessment, study, design and remedial actions at superfund sites across the country. The Department of Environmental Management notes that it is currently unclear how much funding it will receive for these purposes.

Diesel Emission Reduction (A, Title VII). The Act provides \$300.0 million for diesel emissions reduction grants and does not mandate a matching requirement. Of this amount, \$90.0 million is being distributed on a formula basis, and the Department of Environmental Management estimates it will receive \$1.7 million from diesel emission reduction funds. The state currently receives \$0.2 million from this fund. The remaining \$210.0 million will be disbursed on a competitive basis among state, municipal, private and non-profit entities, which could lead to additional funding above the \$1.7 million. The Department must submit an application detailing work plans in order to receive funds; it would use them to retrofit heavy-duty diesel vehicles.

Brownfields Projects (A, Title VII). The Act provides \$100.0 million for brownfields remediation projects. Funds are to be used to assess and cleanup contaminated property, and will be awarded on a competitive basis without a requirement for a local match. The Department of Environmental Management notes it has historically received these funds, but is currently unclear on the amount of additional funding it could receive.

National Endowment for the Arts (A, Title VII). The Act authorizes the National Endowment for the Arts to provide \$50.0 million in grants to fund arts projects and activities which preserve jobs in the nonprofit arts sector that are threatened by declines in philanthropic support, ticket sales, and other arts-related spending. Of the total funds, 40.0 percent will be distributed to states based on the current formulary and 60.0 percent through a competitive process. Staff estimates that the Rhode Island State Council on the Arts will receive approximately \$150,000, which must be distributed locally through the existing grants program. It is unknown whether any Rhode Island organizations or individuals will receive funding through the competitive endowment allocation. Funds are available until September 30, 2010 and will not require a state match.

Higher Education Teacher Quality (A, Title VIII). The Act contains \$100.0 million in competitive grants to be distributed through the existing Teacher Quality Enhancement Program. The program is designed to reform and improve teacher preparation programs to improve student achievement, improve the quality of current and future teachers, and recruit highly qualified individuals into the teaching field. Both public and private institutions are eligible to compete for the grant awards.

Impact Aid – Construction (A, Title VIII). The Act provides \$100.0 million for construction aid of which 40.0 percent will be distributed in formula aid and 60.0 percent will be competitive grants. Grants will be for emergency repair or modernization of school facilities and targeted to districts that have “shovel ready” projects. The competitive grants will be awarded by the Secretary of Education based on whether the facility poses a health or safety threat or is noncompliance with building codes, the extent to which the new project will utilize energy efficient and recyclable materials, and the extent to which the project will utilize alternative building methods to expedite construction and maximize cost efficiency. Feasibility studies must be completed with 24 months of the grant award.

School Improvement (A, Title VIII). The Act contains \$720.0 million for school improvement programs for FY 2010 and FY 2011. Of this \$650.0 million is for education technology that will be distributed by formula grants. Of that amount, half must be distributed to local education agencies with the balance awarded through a state-defined competitive process. In order to receive the funds, the state must submit a comprehensive long-term statewide technology plan to the United States Department of Education. Federal Funds Information for States estimates that Rhode Island’s share will be \$3.2 million from the education technology grants.

The remaining \$70.0 million will be distributed to states based on the proportion of homeless students identified by the state during the 2007-2008 school year relative to the number of such children identified nationally. States are to award sub-grants to local education agencies either on a competitive basis or using a formula based on the number of homeless students identified in each school district. States must award the sub-grants no later than 120 days after receiving the funding from the Secretary. Federal Funds Information for States estimates that Rhode Island’s share will be \$68,000 from homeless education funds.

Institute of Education Sciences (A, Title VIII). The Act contains \$250.0 million for statewide, longitudinal data systems that include postsecondary and workforce information, as well as elementary and secondary data. It will be used to fund an existing competitive grant program for state educational agencies.

Innovation and Improvement (A, Title VIII). The Act contains \$200.0 million for innovation and improvement funds through the Teacher Incentive Fund. The Council of Chief State School Officers indicates that the United States Department of Education will make competitive grants to states, local educational agencies, or other educational partnerships to develop and implement performance-based teacher and principal compensation systems in schools with more than 30.0 percent of its enrollment from low-income families.

Aging Services Program (A, Title VIII). The Act authorizes an additional \$100.0 million in grants through Titles III and IV of the Older Americans Act, including \$65.0 million for congregate nutrition services, \$32.0 million for home-delivered nutrition services, and \$3.0 million for Nutrition Services for Native Americans. It appears that funds will be allocated to states based on current formulas. Federal Funds Information for States estimates that Rhode Island may receive a one-time allotment of \$500,000 to be used by the Department of Elderly

Affairs. Funds are available for obligation until September 30, 2010; however it is unclear at this time if the funds must be used solely for meals. There are currently six congregate meal sites throughout Rhode Island; Meals on Wheels is the sole provider for home delivered meals.

Child Care Development Block Grant (A, Title VIII). The Act provides for additional funding for child care assistance for low income families. Funds must be used to supplement state funds, not supplant them. The Department of Human Services has indicated that it does not know how the funds will be committed; however, the funding does not require any additional state match.

Currently, a Rhode Island family is eligible for child care assistance either because they qualify for the Rhode Island Works program or if they qualify as low income, which is at or below 185 percent of the federal poverty level. Staff estimates the Department of Human Services will receive \$5.4 million in additional funds.

Head Start Grants (A, Title VIII). The Act provides for additional funding for Head Start, a federally funded program that provides services to 2,369 children at eight locations throughout the state. The Department of Human Services indicates that the \$2.0 million will be distributed among the Head Start agencies, likely through negotiation.

Vocational Rehabilitative Services (A, Title VIII). Staff estimates the Department of Human Services will receive \$1.7 million in additional federal funding for rehabilitative services. Restrictions on the use of these funds are tied to the Department providing, expanding, and improving the condition of the independent living services and to develop and support statewide networks of centers for independent living. These funds are available for obligation until September 30, 2010. Currently, the Office of Rehabilitative Services assists individuals with mental and physical disabilities through the provision of specialized services aimed at leading the individuals to employment. In his FY 2009 revised budget, the Governor included \$14.3 million, including \$13.9 from federal funds, for vocational rehabilitation services.

Community Health Centers (A, Title VIII). The Act contains \$500.0 million for grants to federally qualified community health centers authorized. Funding will be used to support new sites and service areas, to increase services at existing sites, and to provide supplemental payments for increases in uninsured populations. Grants for new sites and service areas are to be for two years.

Health Information Technology System for Health Centers (A, Title VIII). The Act contains \$1.5 billion for grants for construction, renovation and equipment, and for the acquisition of health information technology systems for health centers, including health center controlled networks receiving operating grants. Under the program, the new national coordinator of Health Information Technology would be authorized to award competitive planning and implementation grants to states or qualified state-designated entities to facilitate and expand electronic health information exchanges. Grants to states could begin immediately and there is no match specified until FY 2011.

Health Professional Workforce Shortages (A, Title VIII). The Act contains \$500.0 million to address health professions workforce shortages. The Act specifies that \$75.0 million of that is for the National Health Service Corps, available through September 30, 2011, to be used to provide scholarships, loan repayment, and grants for training programs and equipment.

Prevention and Wellness (A, Title VIII). The Act contains \$1.0 billion for prevention and wellness activities, of which \$50.0 million will be provided to states to carry out activities to implement health care associated infections reduction strategies. The Centers for Disease Control will receive \$300.0 million. The remaining \$650.0 million would be for carrying out evidence-based clinical and community-based prevention and wellness strategies for the delivery of specific, measurable health outcomes that address the chronic disease rates, consistent with the Public Health Service Act.

Pell Grants (A, Title VIII). The Act provides \$15.6 billion to increase the total award of Pell grants in FY 2009 and FY 2010. Grants are awarded based on a "financial need" formula determined by Congress using criteria submitted through the Free Application for Federal Student Aid. Rhode Island students will receive \$246.7 million of the total increase based on eligibility determinations made for the award of fall 2008 and spring 2009 financial aid. Increases in Pell Grants will be administered through existing programs. The result will be an average increase of \$500 per student in the current academic year and an additional \$500 the next academic year.

Work Study (A, Title VIII). The Act provides \$200.0 million to increase federal work study funding for college students. The work study program helps students earn monetary awards towards their postsecondary education; it is based on financial need, and students must be accepted into the program. Initial estimates from the United States Department of Education suggest Rhode Island students would receive an additional \$1.6 million from these funds.

Veterans Health Administration Medical Facilities (A, Title X). The Act provides for additional funding for non-recurring maintenance and/or energy projects at Veterans Administration Medical Facilities, subject to submission of an expenditure plan. There is such a medical facility in Providence.

National Cemetery Administration (A, Title X). The Act provides for additional funding for repairs and/or energy projects at National Cemeteries, none of which are in Rhode Island.

Veterans Affairs Administration (A, Title X). The Act provides for additional funding for grants to assist states to acquire or construct state nursing home and domiciliary facilities, and to remodel, modify, or alter such existing facilities furnishing care to veterans. The Act does not describe how these funds will be distributed, but the State Veterans Home in Bristol is an eligible facility.

Military Construction, Army National Guard (A, Title X). The Act includes \$50.0 million for National Guard construction projects throughout the country. The National Guard Bureau

has informed the Rhode Island National Guard that this funding will not be available for any construction projects in Rhode Island.

Military Construction, Air National Guard (A, Title X). The Act includes \$50.0 million for Air National Guard construction projects throughout the country. The National Guard Bureau has informed the Rhode Island National Guard that this funding will not be available for any construction projects in Rhode Island.

Capital Investment (A, Title XII). The Act provides capital investment grants totaling \$750.0 million for new start and small start capital projects. Funding will be distributed on a discretionary basis by the Secretary of Transportation and would remain available through September 30, 2010. A total of 1.0 percent will be available for administrative expenses and management oversight, through September 30, 2012. No commitment of local matching funds is required to receive this grant. These grants may be used for planning related analyses to develop alternatives for transportation and mass transit projects. There are no criteria established to determine how the grants will be awarded, except at the discretion of the Secretary of Transportation. The Department of Transportation notes it is currently unclear how much funding Rhode Island might receive under a discretionary grants program.

Community Development Fund (A, Title XII). The Act provides \$1.0 billion of additional funds for the Community Development Block Grant Program, which provides for annual grants on a formula basis to eligible municipalities to develop viable urban communities. Currently, the state receives \$5.0 million annually from this program. The Office of Housing and Community Development estimates that an additional \$1.0 million might become available to Rhode Island. The additional funding is designated for high-priority projects that can be under contract within 120 days of the funding award. The Office requested that community development block grant applicants include information regarding high priority projects on their applications and anticipates making the additional awards through the current application process prior to June 30, 2009.

The Act also provides funds through the Neighborhood Stabilization Program to assist in the redevelopment of abandoned property and foreclosed homes. The funds can be used for acquisition, rehabilitation, homebuyer assistance and demolition. The FY 2009 revised budget includes the \$10.0 million for first year funding, which became available through the Housing and Economic Recovery Act of 2008 at \$3.9 billion nationally. The current Act provides \$2.0 billion in additional funding, which will be available through a competitive grant process.

National Surface Transportation (A, Title XII). The Act provides \$1.5 billion to state and local governments as well as transit agencies for projects that will have a significant impact on the nation, a metropolitan area or a metropolitan region. Funding can be used for construction or repair of highways and bridges, overpasses and interchanges, as well as passenger and freight rail projects, and will be available through September 30, 2011. The Act includes a provision that total project costs must be between \$20.0 million and \$300.0 million, but does not mandate a state match requirement for the funding, which will be allocated on a

competitive basis. Projects must be completed within three years of enactment, or February 17, 2012.

The Department of Transportation will submit an application for these funds to be used for the Providence Viaduct Project. The project would consist of replacing the current structure, which was built in 1964, with a new structure. Total project costs would be \$150.0 million, with anticipated completion within the three year time frame.

FAA – Facilities and Equipment (A, Title XII). The Act provides \$200.0 million to supplement existing funding for Federal Aviation Administration infrastructure, including upgrading power systems, modernization of air traffic control centers, and replacement of air traffic control towers. Guidelines for the issuance of the grants must be promulgated within 60 days of enactment. The Rhode Island Airport Corporation does not expect grant funding through the provisions of this program, as terminal and air traffic control modernization has been completed at T.F. Green Airport within the past decade.

Airport Grants-in-Aid (A, Title XII). The Act provides \$1.1 billion for discretionary grants-in-aid for Airports. Priority will be given to projects that can be completed within two years and projects to install runway incursion prevention devices and systems. The Secretary of Transportation must award 50 percent of the total funding within 120 days of enactment, while the full \$1.1 billion must be obligated within one year. No commitment of local matching funds is required. The Rhode Island Airport Corporation does not expect additional grant funding through this program, as runway incursion devices were already installed at T.F. Green Airport. The Corporation has submitted a list of projects that are eligible for this program, but its allocation is not known at this time.

Commuter Rail (A, Title XII). The Act provides \$6.9 billion in discretionary grant funding for high speed rail corridors and intercity passenger rail service. Projects will receive priority for funding if they support the development of high speed intercity rail service. Within 60 days of enactment, the Secretary of Transportation must submit a strategic plan to the House and Senate Committees on Appropriations describing plans to improve high speed passenger rail systems. Within 120 days of enactment, interim grant guidance must be issued for three separate types of projects: intercity passenger rail service, high speed rail corridor, and congestion management. The Department of Transportation and the Rhode Island Rail Corporation note that Rhode Island's share of funding is currently unclear, due to the lack of guidance for the award process.

Fixed Guideway Infrastructure (A, Title XII). The Act provides \$750.0 million for fixed guideway infrastructure grants for projects authorized for final design and construction. Based on an initial apportionment provided by the Federal Transit Administration staff estimates Rhode Island and Attleboro, Massachusetts, as a single urban area, will receive \$913,200, of which Rhode Island will receive approximately \$612,000, or 67.0 percent of the total. This allocation is based on the current funding formula.

The funds under this Act must be apportioned no later than 21 days after the date of enactment. If the state does not obligate the total amount within 180 days of the federal apportionment, the Secretary of Transportation may withdraw up to 50.0 percent of the total funding apportioned to the state, and redistribute those funds to other eligible states. One year after the original apportionment, the Secretary of Transportation may withdraw all remaining unobligated funds, and redistribute those funds to other eligible states. No commitment of local matching funds is required to receive this grant.

Small Shipyards (A, Title XII). The Act provides \$100.0 million for grants to qualified small shipyards, which are defined as facilities in one geographic location that do not have more than 1,200 employees. Assistance to these facilities can be provided in the form of grants, loans, and loan guarantees to small shipyards for capital improvements; and for maritime training programs to foster technical skills and operational productivity in communities whose economies are related to or dependent upon the maritime industry. Applications for projects must be submitted to the United States Maritime Administrator within 60 days after the enactment of this Act, and funding would require a 25 percent match and must be obligated within 180 days.

At this time, the Economic Development Corporation has not identified any specific projects eligible for assistance under the Act. The Quonset Development Corporation has provided a list of shipyard projects at Quonset to the Statewide Planning Office and is awaiting notification if any qualify for assistance under the small shipyard funding.

Assisted Housing Stability & Energy & Green Retrofit Investments (A, Title XII). The Act provides \$2.3 billion nationally to remain available through federal fiscal year 2012. This includes \$2.0 billion for the Section 8 program and \$250.0 million for the Department of Housing and Urban Development to increase energy efficiency including installation of new insulation, windows and furnaces. There are 26 public housing authorities throughout the Rhode Island that will receive as yet undeterminable direct funding from the Department of Housing and Urban Development. The Department contracts with the housing authorities to provide Section 8 voucher assistance to subsidize housing for very low-income households. Generally, the tenant pays a portion of the rent, which is based on no more than 30.0 percent of the family's income and the public housing authority pays the remainder of the rent.

Lead Hazard (A, Title XII). The Act provides \$100.0 million in lead hazard reduction program funds, with priority given to those projects that applied for lead hazard reduction funds in FY 2008 and were found to be qualified but were not awarded grants due to funding limitations. The Rhode Island Housing and Community Development Office estimates that \$0.3 million might become available through competitive grants to local governments and nonprofit organizations to remove lead based paint hazards in housing.

HOME Investment Partnerships (A, Title XII). The Act provides \$9.3 million through the HOME Investment Partnerships Program. Rhode Island Housing currently receives an annual appropriation of \$5.0 million to administer this program and the cities of Providence, Pawtucket and Woonsocket receive direct appropriations from the Department of Housing and

Urban Development. Funds are allocated by formula among state and local governments and can be used for gap financing and capital projects to expand affordable housing particularly for low and very low-income persons. Funds will be distributed for projects that have received low income housing tax credits, a federal 9.0 percent tax credit program administered by the states. The Act requires that 75.0 percent of the funds must be committed within one year of enactment and must be expended within two years, while 100.0 percent of the funds must be expended within three years.

Homelessness Prevention (A, Title XII). The Act provides an estimated \$7.0 million for statewide homelessness prevention, which can be used for rental assistance, housing relocation and stabilization services to include housing search, security or utility deposits, utility payments and moving costs. The funds will be distributed on the basis of the existing formula. Some of the funding will be allocated directly to entitlement communities, including Pawtucket, Providence, and Woonsocket. The Act requires that 60.0 percent of the funds must be expended within two years, while 100.0 percent of the funds must be expended within three years.

Public Housing Capital Fund (A, Title XII). The Act provides \$3.0 billion to be allocated to public housing authorities based on the existing formula. This allocation would more than double funding for Rhode Island's public housing authorities in FY 2009. Initial estimates provide Rhode Island with an additional \$19.0 million from the Public Housing Capital Fund, which may be used for capital improvements of public housing, including financing, rehabilitating, demolishing and increasing energy efficiency. Funding would be provided to the Rhode Island Housing and Mortgage Finance Corporation and to 26 local housing authorities throughout the state. The Act also provides \$1.0 billion in competitive grants for priority public housing authority investments nationwide, particularly those leveraging private funding. The formula funds must be obligated within 30 days, while the competitive awards must be made by September 20, 2009.

Health Information Technology (A, Title XIII). The Act includes \$2.0 billion for health information technology projects, of which, \$300.0 million is available to support regional or sub-national efforts toward health information exchange. Funds will only be available upon submission of an annual operating plan by the Secretary of Health and Human Services, and 0.25 percent of funding may be applied towards administration costs.

Education Flex Funds (A, Title XIV). Included in the state fiscal stabilization fund is a provision that \$5.0 billion may be reserved by the Secretary of Education to make grants to states for which at least 50.0 percent of the grant must be provided to local educational agencies via the Title I formula. Grants will be given to states that have made significant progress in achieving equity in teacher distribution, establishing a longitudinal data system, and enhancing assessments for English language learners and students with disabilities. States must meet the maintenance of effort requirements for the state fiscal stabilization funds in order to be eligible for the education flex funds.

Of the \$5.0 billion, \$650.0 million may be reserved by the Secretary of Education to make grants to a local education agency or a partnership of local agencies and non-profits. The grants would be made to entities that have closed the achievement gap, exceeded the state's annual achievement objectives for two or more consecutive years, increased graduation rates, and established partnerships with private organizations that provide matching funds.

Trade Adjustment Assistance for Workers (B, Title I). The Act increases eligibility for benefits, duration of benefits, and federal appropriations for many programs under the Trade Act of 1974, which provides assistance to help United States industries become more competitive and to phase workers into other industries or occupations. Staff has not been able to determine if this will have an impact on Rhode Island.

The Act extends the timeframe for workers to enroll in training programs and extends the duration of additional benefits for workers engaged in long-term training programs from 52 to 78 weeks. It amends the law to disregard the wages earned by full-time training participants simultaneously working part-time when calculating unemployment and trade adjustment assistance benefits, which is a current disincentive.

This Act provides that the states receive additional funding equal to 15 percent of its training funding allocation for administrative and case management purposes, instead of drawing from the appropriation for these expenses, which is current practice. The Act also increases the amount of training funding going to states from \$220 million to \$575 million in FFY 2009 and 2010 and prorates such funding from October 1, 2010 through December 2010.

The Act provides for a community college and career training grant program. Community colleges, such as the Community College of Rhode Island, may receive a grant, not to exceed \$1.0 million, for the purpose of developing, offering, or improving educational or career training programs for eligible workers.

Unemployment Insurance (B, Title II, Subtitle A). This Act makes five changes regarding unemployment insurance compensation that will affect Rhode Island. Section 2001 extends the federal Emergency Unemployment Compensation Program of 2008 for nine additional months. The program, which was due to expire on March 31, 2009, is extended to December 31, 2009. The state does not need to repay the additional funding needed to support this extended timeframe. In addition, this extended compensation shall be disregarded as income for Medicaid eligibility.

Section 2002 of the Act will allow states that wish to participate to provide an additional \$25 for each recipient each week benefits are received. The states may pay this as an addition to regular benefits or as separate compensation, but the state must ensure that the average weekly benefit of regular compensation is not below the average on December 31, 2008. Eligible recipients with claims that continue past December 31, 2009 are eligible to continue receiving this additional \$25 until their claim ends, or June 30, 2010, whichever is sooner. The states will receive full reimbursement for this expense.

Section 2003 provides for special transfers in the form of incentive payments for changing, or having in place, certain state unemployment compensation laws for federal fiscal years 2009, 2010 and 2011. The incentive payments will be calculated as Reed Act funds would have been calculated if a distribution were to have been made October 1, 2008. To be eligible for one-third of the payment, states must utilize an alternative base period for calculation of benefits, which Rhode Island does.

The other two-thirds of the incentive payment is contingent on qualifying for the one-third payment plus having state law containing at least two of the four following provisions: no denial of compensation because an individual is seeking only part-time work; no disqualification for separation of employment for certain compelling family reasons, such as domestic violence, and making satisfactory progress in a state-approved training program; and dependent's allowances of at least \$15 per dependent per week. The state must submit an application to the U.S. Secretary of Labor for these incentive payments within 60 days of its enactment.

The state Department of Labor and Training is in the process of confirming that the state already complies with the "compelling family reasons" and 2008-H 5383 would satisfy the part-time criterion if passed. Under current law, Rhode Island only pays a minimum of \$10 per dependent per week (the greater of \$10 or 5.0 percent of the weekly benefits amount up to five dependents). The Department estimates Rhode Island's share will be \$23.5 million for this provision including both portions of the incentive payment.

Section 2004 provides that from the date of enactment to December 31, 2010, any interest payments that are otherwise due for cash flow advances shall be considered paid and no interest shall accrue on unpaid balances during this period.

Section 2005 provides for full federal funding of the federal/state extended benefits program from the date of enactment through December 31, 2009. Normally, half of the funding for this program comes from the state and half from a special account at the federal level. This section also extends the federal match regarding the waiving of the waiting period from December 8, 2009 to May 30, 2010.

Emergency Funding for Temporary Assistance to Needy Families (B, Title II). The Act creates a new, \$5.0 billion temporary emergency contingency fund to be distributed to eligible states and makes a minor change in the process to calculate the caseload reduction credit. Staff estimates the Department of Human Services may not receive any emergency fund since it is only available to states whose caseloads are increasing when comparing the same quarter in either FY 2009 or FY 2010 to the same quarter in either FY 2007 or FY 2008, respectively. Based upon June 2008 caseload numbers, the state's current caseload is decreasing; however, the state may be able to realize the additional funding if there is a significant increase in the cash assistance caseload. The additional funding would support 80 percent of the expenses, with the state required to provide the remaining 20 percent. The federal Department of Health

and Human Services is authorized to determine whether state actually increase caseloads or increase spending.

Economic Recovery Payments to Certain Individuals (B, Title II). The Act provides for a one time payment of \$250 to all adults eligible for Social Security, Railroad Retirement, or Veterans compensation or pension benefits, as well as certain individuals eligible for Supplemental Security Income benefits, provided they were eligible under any of those programs for at least one of the three months prior to enactment. The Center for American Progress estimates that more than 200,000 Rhode Islanders will receive a total of \$54.7 million from this provision. These payments will be made by May 17, 2009. The payments are not considered “income” for purposes of taxation or government assistance program eligibility.

Medicare and Medicaid Health Information Technology (B, Title IV). The Act includes incentives for eligible medical professionals who use an electronic health record system to be reimbursed for certain costs over a five-year period from the Federal Supplementary Medical Insurance Trust Fund. This section applies to providers who are reimbursed through Medicare and/or Medicaid and it is unclear if there needs to be an appropriation in the state budget for the federal funds. The 2007 Assembly approved a \$20.0 million revenue bond to support an electronic health exchange network for the state’s domiciled insurers allowing health care providers and patients immediate access to medical information. It appears that the initiative included in the Act would provide continued support to the statewide electronic health exchange network should it be established.

Section IV: Other Items of Interest

This final section includes other items of interest such as conditions for use of funds. It is not likely that any of these items have direct budgetary impact. However, the section includes a number of items of interest to citizens.

Broadband Technology Opportunities Program (A, Title II). The Act provides \$4.7 billion, a portion of which may be made available on a competitive basis for expansion of public computer center capacity at community colleges and libraries. The amount that Rhode Island will receive is not yet determinable. Another portion may be made available through competitive grants for innovative programs to encourage sustainable broadband service, and at least \$350.0 million may be allocated to the development of a national broadband inventory map. All other funds appropriated for this purpose may be allocated for the development of a national broadband plan through the Federal Communications Commission.

Digital-to-Analog Converter Box Program (A, Title II). The Act provides an additional \$650.0 million for implementation of the Digital Television Transition and Public Safety Act of 2005, through provision of coupons and other related activities involved in the implementation of analog to digital conversion for television broadcasting. The Act specifies that \$90.0 million is for education and outreach through grants to organizations to educate vulnerable

populations who might otherwise be unaware of or unable to access the technology necessary to convert from analog to digital signal.

National Institute of Standards and Technology (A, Title II). The Act provides a total of \$580.0 million for the National Institute of Standards and Technology, of which \$220.0 million is set aside for unspecified scientific and technical research services. The Act also includes \$360.0 million for construction of research facilities, of which \$180.0 million is for a competitive construction grant program for research science buildings. Rhode Island's share is undeterminable.

Community Development Finance Institution (A, Title V). The Act provides an additional \$100.0 million for the Community Development Financial Institutions Fund for applicants who have qualified under existing FY 2009 applications. The United States Department of the Treasury administers this program. The amount Rhode Island might receive from this fund is undeterminable. The program provides federal resources to invest in and build capacity of community development finance institutions to serve low-income individuals and communities lacking adequate access to affordable financial products and services. The Fund provides monetary awards for financial assistance and technical assistance to further goals such as job creation, business development, and commercial real estate development; affordable housing, and community development financial services including financial literacy training, and predatory lending alternatives.

Quick Start (A, Title XVI). The Act provides that recipients must give preference for use of funds for infrastructure investment to activities that can be started and completed expeditiously, defined as using 50 percent of funds for activities that can be initiated within 120 days of February 17. Spending should maximize job creation and economic benefit.

Availability (A, Title XVI). Unless otherwise stated, appropriated funds in the Act are available for obligation until September 30, 2010. An exception noted in Section I is the enhanced Medicaid funds are available through December 30, 2010. State decision makers may wish to include exit strategies for the FY 2011 budget and beyond as part of budget decisions regarding the Stimulus funds.

Prevailing Wage and Buy American (A, Title XVI). The Act provides that contractors and subcontractors on projects funded in whole or in part must pay Davis-Bacon prevailing wages. It also provides that American steel and manufactured goods be used, with exceptions, including compliance with the World Trade Organization Agreement on Government Procurement and under U. S. free trade agreements.

State Certification (A, Title XVI). The Act requires that the Governor certify within 45 days that the state will request and use the funds provided, and allows the Legislature to provide that certification by concurrent resolution if the Governor does not.

COBRA Subsidy (B, Title III). The federal government will pay 65.0 percent of health insurance premiums up to nine months for those who are laid off from September 1, 2008 through December 31, 2009 and have purchased health benefits from their employers through the COBRA option. The subsidy would be paid to employers as a credit against their payroll taxes. The subsidy is income limited to exclude those with adjusted gross incomes of more than \$125,000 for individuals and \$250,000 for couples. Eligible employees who had declined to purchase the coverage will be given an additional 60 days to elect the COBRA coverage, and those who already purchased the coverage would have their premium contributions adjusted as of March 1, 2009. Employers are required to notify individuals of their new right to enroll.

Extension of Transitional Medical Assistance (B, Title V). The Act extends the option for states to provide up to 12 months of transitional medical assistance until December 30, 2010. Rhode Island has provided 12 months of assistance or until an employer paid family health coverage begins, for families who are no longer eligible for cash assistance resulting from an increase in their family income using Medicaid funds. However, after June 30, 2009, this would not have been an eligible Medicaid expense. The Act extends that Medicaid eligibility until December 30, 2010, at which time, the expense will be solely funded from state funds unless the Assembly takes action.

Moratorium on Final Regulations-Rehabilitative Services (B, Title V). The Act includes a Sense of Congress that urges the Secretary of Health and Human Services not to implement the final rules and regulations for Medicaid rehabilitative changes that would eliminate Medicaid reimbursement for day programming services provided to adults with disabilities. Medicaid funding is included in the enacted budget for the day services and staff anticipates that it will be included in the Governor's FY 2010 recommendation. If the Secretary implements the rules and regulations change and the Medicaid match is no longer available for the day programming services, the state would have to add \$1.4 million from general revenues if it chooses to continue the program.

Moratorium on Final Regulations-Transportation Services (B, Title V). The Act extends the moratorium on the final rules and regulation changes from March 31, 2009 to June 30, 2009 which affects school-based administration and school-based transportation services through the local school districts. The changes do not have a state budgetary impact.

Moratorium on Final Regulations-Outpatient Hospital Facility Services (B, Title V). The Act extends the moratorium on the final rules and regulation changes from March 31, 2009 to June 30, 2009 to define further outpatient hospital facility services reimbursable through Medicaid. The changes do not have a state budgetary impact.

Appendix I - State Fiscal Stabilization Fund – Education (A, Title XIV)

The Act provides relief to avert reductions in public higher and elementary and secondary education. Federal Funds Information for States estimates that Rhode Island's share will total \$164.9 million. Of the total available funding, 81.8 percent is to restore elementary and secondary education and public higher education to the greater of the FY 2008 or FY 2009 levels for FY 2009, FY 2010 and FY 2011. That estimate suggests Rhode Island is eligible to receive a total of \$134.9 million over the three-year period FY 2009 through FY 2011. In order to be eligible for these funds, states must first provide support for both elementary and secondary education and public higher education at no less than the FY 2006 level for fiscal years 2009, 2010 and 2011. This is referred to as maintenance of effort.

Determining maintenance of effort requires a number of steps and decisions. For higher education, expenditures for "construction" are excluded from the calculation, but it is unclear whether debt service is considered a construction expense or an operating expense. Regardless of how debt service is treated, the state does not meet the maintenance of effort requirement for public higher education. Meeting that would require a contribution totaling between \$25.7 million and \$73.5 million.

The legislation does not specify which state expenditures to include in the calculation of elementary and secondary education maintenance of effort. It appears unlikely that the state meets maintenance of effort in any scenario that excludes school housing aid from the calculation. Excluding housing aid, maintenance of effort would require between an \$18.9 and \$59.0 million in total state contributions.

If the state meets the maintenance of effort threshold, it becomes eligible for the remaining 18.2 percent, or \$30.0 million in general use funds that could be used to offset the general revenue contribution as well as the \$134.9 million to be split proportionally between public higher education and local school districts. The general use funds can be used for public safety and other state government services. This may include education related activities, such as school repair, renovation or modernization. Federal Funds Information for States estimates that Rhode Island's share of this funding would be \$30.0 million.

The Secretary of Education has discretion to waive the maintenance of effort requirement; however, no rules or regulations have been posted. The only guidance in the act is that there must be a "precipitous" decline in financial resources and that the state must commit the same percentage of state revenue to elementary and secondary education as the preceding fiscal year.

Higher Education Maintenance of Effort. In order to be eligible to receive federal stabilization funds the state must provide support to both public higher education and elementary and secondary education at no less than the FY 2006 level. Determining the maintenance of effort requirement requires a number of steps and decisions. Expenditures for "construction" are excluded from the calculation but it is unclear whether debt service is considered a construction expense or an operating expense.

In Scenario 1, debt service is not allowed in the calculation of maintenance of effort; scenario 2 allows debt service to be included in the calculation. In the third scenario, debt service is not allowed, but it is assumed that general revenues support debt service in the same proportion as it supports the entire unrestricted budget. These three scenarios are illustrated in the table below.

Public Higher Education Maintenance of Effort			
	<i>Scenario 1</i>	<i>Scenario 2</i>	<i>Scenario 3</i>
			No Debt Service/ General Revenue
State Support	No Debt Service	Debt Service Allowed	Proportional
FY 2006	\$ 178,928,497	\$180,371,797	\$ 179,000,923
FY 2007	\$ 182,341,062	\$189,489,620	\$ 185,497,982
FY 2008	\$ 174,971,405	\$189,982,771	\$ 183,254,777
FY 2009 Enacted	\$ 162,332,681	\$179,856,018	\$ 171,586,270
Greater of FY 2008 or FY 2009	174,971,405	189,982,771	183,254,777
FY 2009 Gov Rev	\$ 154,442,098	\$171,815,305	\$ 164,967,412
FY 2009 Gov Rev Chg to FY 2006	(24,486,399)	(8,556,492)	(14,033,511)
Maintenance of Effort Calculation			
Restore General Revenues to FY 2006 level	24,486,399	8,556,492	14,033,511
Three Year Total General Revenue Support Required	\$ 73,459,197	\$ 25,669,476	\$ 42,100,533

Scenario 1: No Debt Service. In the first scenario, debt service is excluded from the maintenance of effort calculation. The state would have to contribute \$24.5 million in each FY 2009, FY 2010 and FY 2011 to bring state support for Higher Education to the FY 2006 level for a three-year total state investment of \$73.5 million.

Scenario 2: Debt Service Allowed. In the second scenario, debt service is included in the calculation. In this case, the state's maintenance of effort contribution would be \$8.6 million a year, or \$25.7 million over the three years.

Scenario 3: No Debt Service – General Revenues Proportional. In the third scenario, debt service is not included in the calculation; however, it is assumed that general revenues support debt service in the same proportion as they support the entire unrestricted budget. For example, in FY 2006, general revenues were 42.7 percent of the total unrestricted budget. In this scenario, general revenues would support 42.7 percent of debt service expenditures; the remaining general revenues would support educational expenses. The state would have to contribute \$14.0 million in each FY 2009, FY 2010 and FY 2011 to bring state support to the FY 2006 level. The total state support over the three years would be \$42.1 million.

Higher education institutions are eligible to receive federal funding to restore state support to the greater of the FY 2008 or FY 2009 level if maintenance of effort requirements are met. Under this act, states shall use the funds for education and general expenditures including the modernization, renovation or repair of facilities that are used for instruction, research or student housing. States cannot use funding for the maintenance of systems, equipment or

facilities; repair or renovation of stadiums or other athletic facilities; or renovation or repair of facilities used for religious purposes.

Elementary and Secondary Education Maintenance of Effort. Elementary and secondary education is eligible for federal stabilization funds to restore the level of support to the greater of the FY 2008 or FY 2009 level in each FY 2009, FY 2010 and FY 2011. In order to be eligible for these funds, states must first provide state support for both elementary and secondary education and higher education at no less than the FY 2006 level for FY 2009, FY 2010 and FY 2011. The maintenance of effort for higher education must be met for elementary and secondary education to receive funds.

With the exception of expressly excluding construction for higher education, the legislation is not clear on which state expenditures should be included in the calculation of state support. The state's maintenance of effort over the three-year period could range from \$0 to \$59.0 million based on the final determination of allowable expenses.

Scenario: LEAs Only. The narrowest interpretation would include only direct education aid to local districts as a measure of state support for education. This is the worst-case scenario for Rhode Island, because most of the growth in state support over the past few years has been in teacher retirement and school housing aid. Based on this very narrow interpretation, the state would need to add \$19.7 million per year from general revenues to reach the FY 2006 level for a total state contribution of \$59.0 million over the three-year period.

State Support	LEAs
FY 2006	\$694,050,038
FY 2007	\$731,080,661
FY 2008	\$734,211,719
FY 2009 Enacted	\$735,694,026
Greater of FY 2008 or FY 2009	735,694,026
FY 2009 Gov Rev	\$674,375,530
FY 2009 Gov Rev Chg to FY 2006	(19,674,508)
Maintenance of Effort Calculation	
Restore General Revenues to FY 2006 level	19,674,508
Three Year Total General Revenue Support Required	\$ 59,023,524
<i>LEAs include Met School and Central Falls</i>	
<i>FY 2009 Gov Rev adjusted for undistributed pension savings</i>	

Scenario: LEAs, Deaf and Davies. In this scenario, support for the state operated Davies Career and Technical Center and the School for the Deaf are also included in the calculation. In this case, the state would need to add \$18.4 million per year from general revenues to reach the FY 2006 level for maintenance of effort for a total state contribution of \$55.1 million over the three-year period.

State Support	LEAs, Deaf, Davies
FY 2006	\$713,099,678
FY 2007	\$751,102,645
FY 2008	\$755,006,238
FY 2009 Enacted	\$756,856,665
Greater of FY 2008 or FY 2009	756,856,665
FY 2009 Gov Rev	\$694,745,260
FY 2009 Gov Rev Chg to FY 2006	(18,354,418)
Maintenance of Effort Calculation	
Restore General Revenues to FY 2006 level	18,354,418
Three Year Total General Revenue Support Required	\$ 55,063,254
<i>LEAs include Met School and Central Falls</i>	
<i>FY 2009 Gov Rev adjusted for undistributed pension savings</i>	

Scenario: LEAs and Teacher Retirement. Another interpretation could include teacher retirement as state support but not support for Davies or the School for the Deaf. Based on this interpretation, the state would need to add \$7.6 million per year from general revenues to reach the FY 2006 level for maintenance of effort for a total state contribution of \$22.9 million over the three-year period.

State Support	LEAs, Teacher Retirement
FY 2006	\$ 748,587,771
FY 2007	\$ 801,367,414
FY 2008	\$ 816,560,548
FY 2009 Enacted	\$ 832,693,626
Greater of FY 2008 or FY 2009	832,693,626
FY 2009 Gov Rev	\$ 740,961,548
FY 2009 Gov Rev Chg to FY 2006	(7,626,223)
Maintenance of Effort Calculation	
Restore General Revenues to FY 2006 level	7,626,223
Three Year Total General Revenue Support Required	\$ 22,878,669
<i>LEAs include Met School and Central Falls</i>	
<i>FY 2009 Gov Rev adjusted for undistributed pension savings</i>	

Scenario: LEAs, Deaf, Davies and Teacher Retirement. In this scenario, support for the state operated Davies Career and Technical Center and the School for the Deaf are included in the calculation along with teacher retirement. In this scenario, the state would need to add \$6.3 million per year from general revenues to reach the FY 2006 level for maintenance of effort for a total state contribution of \$18.9 million over the three-year period.

State Support	LEAs, Deaf, Davies, Teacher Retirement
FY 2006	\$ 767,637,411
FY 2007	\$ 821,389,398
FY 2008	\$ 837,355,067
FY 2009 Enacted	\$ 853,856,265
Greater of FY 2008 or FY 2009	853,856,265
FY 2009 Gov Rev	\$ 761,331,278
FY 2009 Gov Rev Chg to FY 2006	(6,306,133)
Maintenance of Effort Calculation	
Restore General Revenues to FY 2006 level	6,306,133
Three Year Total General Revenue Support Required	\$ 18,918,399
<i>LEAs include Met School and Central Falls</i>	
<i>FY 2009 Gov Rev adjusted for undistributed pension savings</i>	

Scenario: LEAs, Teacher Retirement and School Housing Aid. A more broad interpretation of state support would include school housing aid as state support. In this scenario, teacher retirement and school housing aid are included but not support for Davies or the School for the Deaf. Based on this interpretation, the state would need to add \$0.1 million per year from general revenues to reach the FY 2006 level for maintenance of effort for a total state contribution of \$0.3 million over the three-year period.

State Support	LEAs, Teacher Retirement, School Housing Aid
FY 2006	\$ 795,211,447
FY 2007	\$ 848,182,396
FY 2008	\$ 866,212,858
FY 2009 Enacted	\$ 889,689,874
Greater of FY 2008 or FY 2009	889,689,874
FY 2009 Gov Rev	\$ 795,101,600
FY 2009 Gov Rev Chg to FY 2006	(109,847)
Maintenance of Effort Calculation	
Restore General Revenues to FY 2006 level	109,847
Three Year Total General Revenue Support Required	\$ 329,541
<i>LEAs include Met School and Central Falls</i>	
<i>FY 2009 Gov Rev adjusted for undistributed pension savings</i>	

Scenario: LEAs, Teacher Retirement, Davies, Deaf and School Housing Aid. The best-case scenario for Rhode Island would include all support for education, excluding support for the Department of Elementary and Secondary Education. In this scenario, the state has already met its maintenance of effort; it would not need to add any general revenues to elementary and secondary education.

State Support	LEAs, Deaf, Davies, Teacher Retirement, School Housing Aid
FY 2006	\$ 814,261,087
FY 2007	\$ 868,204,380
FY 2008	\$ 887,007,377
FY 2009 Enacted	\$ 910,852,513
Greater of FY 2008 or FY 2009	910,852,513
FY 2009 Gov Rev	\$ 815,471,330
FY 2009 Gov Rev Chg to FY 2006	1,210,243
Maintenance of Effort Calculation	
Restore General Revenues to FY 2006 level	-
Three Year Total General Revenue Support Required	\$ -
<i>LEAs include Met School and Central Falls</i>	
<i>FY 2009 Gov Rev adjusted for undistributed pension savings</i>	

Elementary and secondary education is eligible to receive federal funding to restore support to the greater of the FY 2008 or FY 2009 level if maintenance of effort requirements is met. Under this act, states shall use the funds to restore in each FY 2009, FY 2010 and FY 2011 the level of support provide through state education aid to the greater of FY 2008 or FY 2009. The federal stabilization funds would go to the local school districts.

Conclusion. For maintenance of effort, the state must provide support equal to the FY 2006 level for FY 2009, FY 2010 and FY 2011. In exchange, the state becomes eligible for federal stabilization funds to bring total support for both public higher education and elementary and secondary education to the greater of FY 2008 or FY 2009. If the new federal stimulus funds are not sufficient to provide support at these levels, the state must apportion the funds between elementary and secondary education and higher education in proportion to the relative shortfalls. Estimates provided by the Federal Funds Information for States indicate that Rhode Island is eligible to receive a total of \$164.9 million over the three-year period FY 2009 through FY 2011.

It is clear that in every scenario, the state does not meet the maintenance of effort requirement for public higher education. In the case of elementary and secondary education, it appears unlikely that the state can meet maintenance of effort in any scenario that excludes school housing aid. If the state meets the maintenance of effort, it becomes eligible for the \$30.0 million in flex funds that could be used to offset the general revenue contribution as well as \$134.9 million to be split proportionally between public higher education and local school districts.

In the state's best-case scenario, it would provide \$25.7 million from general revenues and receive \$30.0 million in flex funds for a net impact of \$4.3 million for the state. Elementary and secondary education would receive a total of \$122.5 million and higher education would receive \$38.1 million.

Best Case Scenario	General		
	Revenues	Stimulus	Total
Public Higher Education	\$ 25,669,476	\$ 12,456,942	\$ 38,126,418
K-12 Local District	-	122,455,058	122,455,058
All Education	\$ 25,669,476	\$134,912,000	\$160,581,476
State Government	(25,669,476)	30,017,000	4,347,524
Net	\$ -	\$164,929,000	\$164,929,000

In the state's worst-case scenario, it would have to provide \$132.5 million from general revenues and receive \$30.0 million in flex funds for a net reduction to the state of \$102.5 million. Elementary and secondary education would receive a total of \$193.9 million and higher education would receive \$73.5 million.

Worst Case Scenario	General		
	Revenues	Stimulus	Total
Public Higher Education	\$ 73,459,197	\$ -	\$ 73,459,197
K-12 Local District	59,023,524	134,912,000	193,935,524
All Education	\$ 132,482,721	\$134,912,000	\$267,394,721
State Government	(132,482,721)	30,017,000	(102,465,721)
Net	\$ -	\$164,929,000	\$164,929,000

Waiver. The Secretary of Education has discretion to waive the maintenance of effort requirement in the cases of a "precipitous" decline in financial resources provided the state does not reduce the share of available revenues dedicated to these expenses. In order to be eligible for a waiver, the state must commit the same percentage of state revenues to elementary and secondary education as it did in the preceding fiscal year. The state's contribution to elementary and secondary education in FY 2008 was 25.5 percent of total state funds. The contribution in the Governor's revised budget is 25.8 percent. It appears that the state is eligible to seek a waiver and may wish to do so to maximize the state and local impact.

	K-12	Share of Total	
		Total General Revenues	General Revenues
FY 2006	\$795,211,447	\$3,142,080,062	25.3 %
FY 2008	\$866,212,858	\$3,394,844,107	25.5 %
FY 2009 Enacted	\$889,689,874	\$3,276,156,221	27.2 %
FY 2009 Gov Rev	\$795,101,600	\$3,086,404,059	25.8 %

In addition to maintenance of effort requirements, Governors must submit an application for the stabilization funds. The application must include assurances that the state will take actions to improve teacher effectiveness including addressing inequities in the distribution of teachers between low and high poverty schools, establish a longitudinal data system, enhance the quality of academic assessments and implement corrective action and restructuring options for schools identified for these interventions.

Appendix II - 2009 Federal Stimulus Reference Schedule

			Check Appropriate Box								
Division and Title	Memo Section	Enter Issue Title	State Budget Impact	Possible State Budget Impact	Local Impact	Formula or Other Funding	Individual Impact Only	Federal Only	Dates		
A I	III	Supplemental Nutrition Assistance Program	Minor	X		Block		X	April 2009-Sept 30, 2010		
	III	School Lunch Equipment			X	Competitive			Passage-Sept 30, 2010		
	III	Aquaculture Assistance	No		X	Formula	X		120 days after passage-Sept 30, 2010		
	III	Distance Learning, Tele-medicine, and Broadband Program	No			Competitive			Passage-Sept 30, 2010		
	III	Special Supplemental Nutrition Program for Women, Infants and Children	No			Formula		X	Passage-Sept 30, 2010		
II	III	Victims of Crime	No	X		Formula			Passage-Sept 30, 2010		
	III	Violence Against Women	No			Formula		X	Passage-Sept 30, 2010		
	III	Byrne Justice Assistance Grants	No			Competitive		X	Passage-Sept 30, 2010		
	III	Internet Crimes Against Children	No			Formula		X	Passage-Sept 30, 2010		
	III	Community Oriented Policing Services	Minor	X		Competitive		X	Passage-Sept 30, 2010		
	III	Economic Development Administration		X		Competitive			Passage-Sept 30, 2010		
	IV	Broadband Technology Opportunities Program	No		X	Competitive			Passage-Sept 30, 2010		
	IV	Digital-to-Analog Converter Box Program	No			Competitive		X	Passage-Sept 30, 2010		
	IV	National Institute of Standards and Technology	No			Competitive		X	Passage-Sept 30, 2010		
III	III	Operation & Maintenance Army National Guard		X		Competitive			Passage-Sept 30, 2010		
	III	Operation & Maintenance Air National Guard		X		Competitive			Passage-Sept 30, 2010		
IV	III	Army Corps-Construction	No	X	X	Competitive			45 days after passage-Sept 30, 2010		
	III	Army Corps-Operation and Maintenance	No	X	X	Competitive			45 days after passage-Sept 30, 2010		
	III	Energy Efficiency and Renewable Energy				Block & Formula		X	Passage-Sept 30, 2010		
	III	Innovative Technology Loan Guarantee Program				Competitive		X	Passage-Until Expended		
V	IV	CDFI				Competitive			Passage-Sept 30, 2010		
	I	Small Business Loans	Yes	X		Other					
VI	III	FEMA State & Local- Public Transportation	No			Competitive		X	Passage-Sept 30, 2010		
		FEMA State & Local- Port Security	No			Competitive		X	Passage-Sept 30, 2010		
		FEMA State & Local- Fire Stations	No			Competitive		X	Passage-Sept 30, 2010		
VII	III	Clean Water Revolving Fund	Major		X	Formula			30 days after passage-Sept 30, 2011		
	III	Drinking Water Revolving Fund	Major		X	Formula			30 days after passage-Sept 30, 2011		
	III	UST Fund Program	No	X		Formula			30 days after passage-Sept 30, 2011		

Appendix II - 2009 Federal Stimulus Reference Schedule

		Check Appropriate Box								
Division and Title	Memo Section	Enter Issue Title	State Budget Impact	Possible Budget Impact	Local Impact	Formula or Other Funding	Individual Impact Only	Federal Only	Dates	
	III	USGS-Research, Surveys and Studies	Minor	X		Competitive			30 days after passage-Sept 30, 2011	
	III	Hazardous Substance Superfund	No	X		Formula			30 days after passage-Sept 30, 2011	
	III	Diesel Emission Reduction	No	X		Competitive			30 days after passage-Sept 30, 2011	
	III	Brownfields Projects	No	X		Competitive			30 days after passage-Sept 30, 2011	
	III	National Endowment for the Arts				Form./Comp.		X	Passage-Sept 30, 2010	
VIII	I	Education for Disadvantaged - Title 1		X	X	Formula			Passage-Sept 30, 2010	
	I	Special Education		X	X	Formula			Passage-Sept 30, 2010	
	I	Employment and Training Administration	No			Formula		X	UI/ES grants: Passage-Sept 30, 2010; All Other: Passage-Jun 30, 2010	
	III	Higher Ed Teacher Quality		X		Competitive			Passage-Sept 30, 2010	
	III	Impact Aid (construction)		X	X	Competitive			Passage-Sept 30, 2010	
	III	School Improvement		X	X	Form./Comp.			Passage-Sept 30, 2010	
	III	Institute of Education Sciences		X		Competitive			Passage-Sept 30, 2010	
	III	Innovation and Improvement		X	X	Formula			Passage-Sept 30, 2010	
	III	Aging Services Program		X		Formula			Passage-Sept 30, 2010	
	III	Child Care Development Block Grant	No			Block		X	Passage-Sept 30, 2010	
	III	Head Start Grants	Minor	X		Formula		X	Passage-Sept 30, 2010	
	III	Vocational Rehabilitative Services	No			Competitive		X	Passage-Sept 30, 2010	
	III	Community Health Centers		X		Competitive			Passage-Sept 30, 2010	
	III	Health Information Technology System for Health Centers		X		Competitive			Passage-Sept 30, 2010	
	III	Health Professions Workforce Shortages	No			Competitive			Passage-Sept 30, 2011	
	III	Prevention and Wellness	No			Competitive			Passage-Sept 30, 2010	
	III	Pell Grants				Formula	X		Passage-Sept 30, 2011	
	III	Work Study				Competitive	X		Passage-Sept 30, 2011	
X	III	Veterans Health Administration Medical Facilities	Minor			Competitive		X	Passage-Sept 30, 2010	
	III	National Cemetery Administration	Minor			Competitive		X	Passage-Sept 30, 2010	
	III	Veterans Affairs Administration	Minor	X		Competitive			Passage-Sept 30, 2010	
	III	Military Construction Army National Guard	No			Competitive		X	Passage-Sept 30, 2013	
	III	Military Construction Air National Guard	No			Competitive		X	Passage-Sept 30, 2013	
XII	I	Highway Infrastructure Investment	Major	X	X	Formula			Passage-Sept 30, 2010	

Appendix II - 2009 Federal Stimulus Reference Schedule

			Check Appropriate Box							
Division and Title	Memo Section	Enter Issue Title	State Budget Impact	Possible State Budget Impact	Local Impact	Formula or Other Funding	Individual Impact Only	Federal Only	Dates	
	I	Transit Capital Grants	Major	X		Formula			Passage-Sept 30, 2010	
	III	Capital Investment	Major	X		Competitive			Passage-Sept 30, 2010	
	III	Community Development Fund			X	Formula			Passage-Sept 30, 2010	
	III	National Surface Transportation	Major	X	X	Competitive			Passage-Sept 30, 2011	
	III	FAA-Facilities and Equipment	No	X		Competitive			Passage-Sept 30, 2010	
	III	Airport Grants-in-Aid	No	X		Competitive			Passage-Sept 30, 2010	
	III	Commuter Rail	Major	X		Competitive			Passage-Sept 30, 2012	
	III	Fixed Guideway Infrastructure	Major	X		Formula			Passage-Sept 30, 2010	
	III	Small Shipyards	Minor	X		Formula			Passage-Sept 30, 2010	
	III	Assisted Housing Stability and Energy & Green Retrofit Investments			X	Competitive			Passage-Sept 30, 2011	
	III	Lead Hazard Control and Healthy Homes			X	Competitive			Passage-Sept 30, 2011	
	III	HOME Investment Partnerships Program			X	Formula			Passage-Sept 30, 2011	
	III	Homelessness Prevention Fund			X	Formula			Passage-Sept 30, 2011	
	III	Public Housing Capital Fund			X	Form./Comp.			Passage-Sept 30, 2011	
XIII	III	Health Information Technology		X		Formula			Passage-Sept 30, 2010	
XIV	I	Education Stabilization Funds	Major		X	Formula			Passage-Sept 30, 2010	
	I	State Fiscal Stabilization Fund - Other Gov't Services	Major			Formula			Passage-Sept 30, 2010	
	III	Education Flex Funds	Major		X	Competitive				
XVI	IV	Quick Start		X		Other				
	IV	Availability		X		Other			Passage unless otherwise noted	
	IV	Prevailing Wage and Buy American		X		Other				
	IV	State Certification		X		Other				
B I	II	Earned Income Tax Credit Increase				Other			Tax years 2009 & 2010	
	II	Vehicle Purchase - Sales Tax Deduction				Other			Feb 17, 2009-Dec 31, 2009	
	II	Unemployment Benefit Taxation Suspension				Other			Tax year 2009	
	II	Alternative Minimum Tax (AMT) Relief Extension				Other			Tax year 2009	
	II	Making Work Pay Tax Credit				Other			Tax years 2009 & 2010	
	II	Refundable Child Credit - Increase in Eligibility				Other			Tax years 2009 & 2010	
	II	Net Operating Loss Carry Back				Other				

Appendix II - 2009 Federal Stimulus Reference Schedule

Division and Title	Memo Section	Enter Issue Title	Check Appropriate Box					Federal Only	Dates
			State Budget Impact	Possible State Budget Impact	Local Impact	Formula or Other Funding	Individual Impact Only		
	II	Hope Credit Modification - American Opportunity Tax Credit Expansion				Other			Tax year 2009 or 2009
	II	Expansion of Eligible Expenditures for 529 Education Plans				Other			Tax years 2009 & 2010
	II	Refundable First-time Home Buyer Credit Changes				Other			Dec 31, 2008-Dec 31, 2009
	III	Trade Adjustment Assistance				Other			Grants: Passage-Dec 31, 2010; All other: May 18, 2009-Indef
II	III	Unemployment Insurance	No	Minor		Both	X		Incentive: Passage-Sept 30, 2011; Interest: Passage-Dec 31, 2010; All other: Passage-Dec 31, 2009
	III	Emergency Funding for Temporary Assistance to Needy Families	Minor	X		Formula		X	Passage-Sept 30, 2010
	III	Economic Recovery Payments to Certain Individuals				Formula	X		Feb 17, 2009-May 17, 2009
III	IV	COBRA Subsidy				Other		X	Layoffs from Sept. 1, 2008-Dec. 31, 2009
IV	III	Medicare and Medicaid Health Information Technology	No			Formula		X	Passage-Dec 31, 2016
V	I	State Fiscal Relief-Temporary FMAP Increase	Major			Formula			Oct 1, 2008-Dec 31, 2010
	I	State Fiscal Relief-Temporary FMAP Increase-Title IV E	Yes			Formula			Oct 1, 2008-Dec 31, 2010
	I	Disproportionate Share Increase	Yes			Formula			FFY 2009-FFY2010
	IV	Moratorium on Final Regulations until July 1, 2009-LEA-transportation	No		X	Other			Passage-Jul 1, 2009
	IV	Moratorium on Final Regulations-outpatient hospital facility services	No			Other			Passage-Jul 1, 2009
	IV	Moratorium on Final Regulations-Rehabilitative Services		X		Other			Passage
	IV	Extension of Transitional Medical Assistance	No			Other			Jul 1, 2009-Dec 31, 2010